

U.S. SMALL BUSINESS ADMINISTRATION

Regulatory Enforcement Fairness Hearing

Billings, MT

August 21, 2007

PROCEEDINGS

[START TAPE 1 SIDE A]

MS. JOHNSTON: Before I introduce Nick, I want to introduce Michael Stransky. He's a board member and he is from Utah. Thank you for coming, Mike. It's my pleasure to introduce Nicholas Owens. He's the National Ombudsman and Assistant Administrator for Regulatory Enforcement Fairness for the U.S. Small Business Administration.

On March 28, 2006, President George W. Bush appointed Nicholas Owens as the fifth National Ombudsman for the U.S. Small Business Administration. He also serves as the Assistant Administrator for Regulatory Enforcement Fairness. His responsibilities include leading the national effort on behalf of the nation's small businesses to ensure fairness in the enforcement of federal regulation, an initiative to diminish dispute between small businesses and federal regulatory agencies.

The office works closely with more than 35 federal regulatory agencies to resolve complaints about excessive enforcement of federal regulations brought to the attention of the National Ombudsman through—during hearings and roundtables held in cities nationwide, and of course, this is one of them.

Before joining the Bush administration in '01, Owens served as part of the Bush/Cheney 2000 presidential transition team. Having served five years as a special assistant to the Chairman and Director of External Affairs at the National Credit Union Administration, he understand firsthand the regulatory challenges faced by small businesses. In this position—in the position, he served as a senior advisor on communications, congressional and regulatory policy matters.

And I will tell you; this is the second time that I've had the ability to be with Nick. I'm very impressed with him. He cares about small businesses and he also cares about rural, so we're lucky to have him.

MR. OWENS: Thank you, Michelle. I certainly want to thank you for your leadership here. Can you hear me? I bet you can't. Okay. Anyway, I certainly want to thank you for your leadership here in this great state. This is my first time to be in the Big Sky state with—that you talk about rural, my home state is Mississippi. So from Mississippi to Montana, I certainly appreciate rural America and certainly thank you all for taking time out of your busy schedules to be here. I certainly want to thank and recognize the board members, the famous gentleman from the great state of Utah. Mr. Stransky, thank you for everything you do.

The regulatory fairness boards are the eyes and ears of the

National Ombudsman's office. I can't be everywhere and certainly it's an opportunity for board members who are small business owners who understand firsthand the regulatory challenges they—they're totally in the region to provide assistance so I want to thank you for everything you do.

But as—again, as I said, it's my first time here since I've been the National Ombudsman appearing. So thank you again for being here. I certainly want to thank the Senator Tester's office as well for being here and taking time. We appreciate the opportunity to work with the congressional delegation here on a myriad of issues that are affecting small businesses in the state of Montana.

As I survey the current entrepreneurial with small business climate, I can truly tell you there's never been a more exciting time to be a part of America's small businesses. But just as we focus on success and the opportunity for businesses to succeed, we also know there are regulatory and compliance challenges.

But the ingenuity of a small business owner did not come from anybody in Washington, D.C. It did not come from the federal government. It came from the hard work and of folks working everyday to create a family living wage and I want to tell you that the state of small businesses in this state are strong.

If you look at 35,500 businesses, 34,800 are small businesses. That's 97.8% of all businesses. And of course it's—small businesses are the economic engine that lead the state and our country in creating jobs and growing our local economy. President Bush has said many times that the role of government is not to create wealth. The role of government is to create an environment with the entrepreneurial spirit can flourish, you can risk capital, you can achieve the American dream.

But we also know—the president knows as you know and your congressional delegation knows that unfair and excessive regulatory enforcement concerns are an issue for small businesses today. It is personally an honor for me to serve in a capacity where I focus on [unintelligible] attitude that we sometimes find, unfortunately, in the federal government.

The policies of our small business agenda, or the president's small business agenda that focus on streamlining regulations throughout federal agencies. It's not an easy task. And it's one that we've been focused to make sure that small businesses can operate in environments with uncertainty and there's not confusion. It's an issue for small businesses when they're faced with unfair acts or excessive enforcement such as repetitive investigations, burden of compliance issues, retaliation. It's important to be able to tell your government both the good and the bad without fear of retaliation.

Also examples of the work we address are typically excessive

finances and penalties. You have a plant and the plant has a repetitive on-site inspection. Those are issues. I often say that my job and the Office of the National Ombudsman is to help entrepreneurs keep more of their hard earned money in their pocket to decide what to do with it. Unfair regulations and the unfair enforcement of regulations cost business owners their two most precious commodities and that's their time and money. We're the SBA's office of advocacy.

Small businesses face—the cost to regulations to the tune of about \$7,627 per year per employee. And that's of let's say a small business of 20 employees or less, compared to a larger business of 500 employees or more. And it's often because they can't employ super lobbyists, consultants and accounts to represent their issues. Small businesses spend four and a half times as much to comply with environmental regulations and with our friends here from the IRS, they spend 67% more to do with tax compliance costs.

So the first thing, the issues that I hear about across the country, more than anything are the cost of healthcare, taxes and regulations. So the money that they spend on—small businesses spend on basic—the unfair costs and burdens of regulatory issues could be better spent in finding health care for their local employees, growing their business, expanding the infrastructure and creating more jobs. We assist small businesses, non-profit organizations and small government entities, small cities; it could be counties, small school systems, of populations of 50,000 or less.

It's a long title, the National Ombudsman Assistant Administrator for Regulatory Enforcement Fairness [unintelligible]. But I tell you, all of these is troubleshooter. And that's what—that's what I do, you know, Ombudsman is a Swedish word meaning agent or representative but ultimately it's about being a representative of small businesses and my job is helping you.

For comments that are here—we call them comments, they are complaints. Any concerns that you have, we work on your behalf. A lot of the work we do—so I travel the country, hear the concerns but the work happens when I head back to Washington. And we receive these comments. We work closely with senior officials of federal agencies. I will tell you the leadership of federal agencies take these concerns very serious. We work closely with agencies on these issues. We take a high level review of your concern. And with that we focus to make sure that there's fairness.

So they review these issues. We get a response usually within 30 days. We often find—found rather, that cases have resulted in reduced fines, waived penalties and that's a positive outcome for small businesses. When we can't address certain regulatory issues we work closely with SBA's Office of Advocacy which is the independent watchdog within the government on small business regulations. And

that is led by Tom Sullivan who's done a superb job as the Chief Counsel. He's appointed by the president and confirmed by the United States Senate.

For a little history, Congress established our office back in 1996 as part of the Small Business Regulatory Enforcement Fairness Act, the REFA. With that office it created 50 regulatory board members. And I see another board member's just arrived. Mr. Herd. [Unintelligible]. Thank you for being here.

But with that, we hold hearings and roundtables throughout the country. I was in Seattle yesterday. Today I'm here and tomorrow I'll be over in Idaho. It's always important to get outside the big Washington beltway to listen, learn from and better understand the concerns of the small businesses.

One important aspect of my job is accountability and that's accountable to the United States Congress. Every year I issue a report and rate federal agencies A to F on their responsiveness to small business concerns. If there's a time we have federal agencies certainly pay attention to these concerns, certainly around rating season. So that certainly is a—is a—true, I'd say.

But with that—in that report we rate on compliance assistance, retaliation. The federal agencies have a non-retaliation policies. Are they—responsiveness? We rate it on a responsiveness. It is timely? Is it a phony response? Do they truly address the issue or did you receive a stall letter? Did you receive a form letter to your issue? A recent economic impact study stated that [unintelligible] small business upward of \$229 million. That's hard numbers, hard money, that means a lot for a lot of small businesses. I will stand here and tell you—be the first one to tell you, we can't solve 100% of every issue brought to my desk, but we do guarantee 100% of our effort to work on behalf of small businesses.

I just want to give you a few examples of issues that we have addressed since I've been on the job in the past year and a half. In Seattle there were three grocers that testified at a hearing similar to this that the USDA disqualified their business, their grocery stores from the food stamp program, alleging fraud. Well the small business owners said they did not commit fraud. And you know, you have the small business and you have the giant big government. So they testified at this hearing and we worked closely with our friends over at the USDA to address these issues. They reviewed it, sort of a high level revue and determined it was a mistake and they reversed that decision.

Recently I had in the northwest a general—a small general aviation business that was fined \$10,000 for an alleged FAA violation of a regulation. \$10,000 that could put a lot of businesses out of business. It would no longer be a going concern. Well that penalty was reduced to \$1,000. Well the gentleman said, I did not commit

any violation. I did not violate any rule. And they said okay, we'll reduce it to \$100. He said, no, it's a matter of clearing my good name and my integrity. And that small business owner was cleared of that issue.

In the state of Illinois there was a small brew pub that had an issue with the Wage and Hour Division of the Department of Labor. And I appreciate you being here from the Department of Labor and I see Tom Nicks [phonetic] came in from Washington, D.C. from the Department of Labor, thank you for being here. A very timely entrance there, Tom—I decide to talk about the Department of Labor. But anyway it was a brew master, an issue with his brew pub that the brew master was he going to be hourly—hourly or salaried. Well the business decision between that employee and that small business—or rather that employee and that business owner. That small business spent over \$7,000 battling it out with the federal government. They came to our office and we were able to help them seek an amicable settlement.

In another instance, there was a shipping company fined \$2,000 from U.S. Customs alleging a violation of import/export regulations. They contacted our office and the U.S. Customs refunded that penalty due to an inadvertent error by the agency.

Here at home timber is very important. I can tell you I'm from Mississippi, the timber is used [unintelligible] a lot of families and a lot of small towns and I know it's very important here and I work closely with members of the U.S. congressional delegation on this issue. Just weeks ago, I know at a roundtable in Washington where members of the small business timber community here in Montana participated. We worked closely also with the state forester on this issue and were able to bring [unintelligible] together—bring people together, be it the Bureau of Land Management, the U.S. Forest Service, bring them together in one room and I believe we've seen—we now have communication where before—to understand these concerns and see where we can work together more closely and be more of an advocate for Montana's small timber businesses. So that's good work.

And I will tell, outside of the various issues that I address, I often see the question, what do you hear about most? It varies. Every day I'm receiving a different call. It could be FDA one day, IRS, EPA, the Department of Defense. So it's many different situations. But it maybe just be a phone call and I know that the folks here that are from congressional offices understand. When you're trying to navigate the bureaucracy of the federal voice mail system and trying to check on an application that you have before a federal agency, if you have—to try to get an answer out of the government can be a challenging time. We take those issues serious as well and we look forward to those cases.

So with that, I now look forward to the testimony today. I've

recorded the comments if you were not prepared to testify today, but if you have some reason that you would like to make a comment, please feel free. This is an open forum for you. It's our mission to create more of a small business regulatory environment that is friendly to small business and it's my job to help you navigate the rough seas of federal regulation that we sometimes find.

So with that, I welcome the comments and look forward to the participation. I'd certainly like to provide an opportunity for John or Mike to make any comments you'd like as well. Thank you.

MR. STRANSKY: Well, I'll just maybe explain a little bit what—I speak for myself, I'm not speaking for John, but what we are supposed to be doing as members of the RegFair Advisory Board. We are here to listen and be maybe the first person that you contact if you're maybe afraid to register a complaint and so forth. I don't have my phone ringing off the hook.

It's probably hard for us—my guess is that for meetings like this and not just the comments then and complain yourself, or register comments but to take the message out to your constituents, you know, small business associations, chambers of commerce and so forth and let people know that this system is in place to represent you. I'm a small business. I'm an architect in Salt Lake. I've been doing this for years.

We've been in North Dakota and South Dakota and Wyoming and Salt Lake with similar kinds of hearings and [unintelligible] best thing is the variety, it's different wherever we go. The point is is that we're here. The president feels it's important that small businesses be represented on a grass roots basis and we're here. If—I'll leave some business cards and if you think you really need some help, you can talk to me after this meeting and I'll do what I can to help you get registered.

There is a national website and a person on their own can go into that website and navigate it relatively easy and launch a comment. Every week or so we get copies of the comments that have been registered out there. And the last two that I've received, there's only one comment that's from our Region 8. I tell people and I told this to Nick, I said, you know, a lot of people out there in the west—I grew up in Casper, Wyoming that they take care of business themselves. They don't rely on Washington to take care of them.

Now if Washington really does it to them then they'll come out and fight, but they usually are willing to—they're not bashful. They'll come forward and a lot of issues get solved that way. They don't wait for Nick, as wonderful as he is, to come to town to address their complaints. So anyway, we appreciate your attendance. And if I would ask you one thing it's to take this message out as far as you can and let people know that this [inaudible].

MR. HERD: And again, I would like to welcome everybody here and thank you for coming. It's very important that we get small businesses and this forum for them. So I am just extremely grateful for Nick and the administration to be able to provide this for us. I also am involved in a small business, a training business down in Colorado Springs, Colorado.

And it's just important that—and we understand the forums, but if there's one message that I could give out to everybody it just please tell your fellow small business partners and—so that you associate with about this opportunity. Because if we're dealing with issues and we're having problems out there we want to know about it because we can't fix them unless we know about them.

And I could go on and we can talk forever but I think we really want to hear from you. So I'm going to just cut it off there and let you come and tell us what it is that you need to tell us. But thank you very much for being here.

MS. JOHNSTON: Is Randy on the—I think Randy might—

FEMALE VOICE: [interposing] Hello, Randy, are you on the line? No. I don't think so.

MS. JOHNSTON: Randy's not on the line.

FEMALE VOICE: No, I don't think so.

MS. JOHNSTON: Okay.

FEMALE VOICE: So I think we'll have Mike or—

MS. JOHNSTON: John [inaudible].

MR. STRANSKY: [Unintelligible].

FEMALE VOICE: Yes, okay.

MR. STRANSKY: Well, this is another one of the methods that we have of taking testimony and while the phone is ready and we may expect another phone call from someone who wants to tap into today, this is a comment that this individual we thought was going to call in on and wrote their comments down. So we will write them into the record today.

This person is Randall Knowles, a small business owner. His issue is with the Internal Revenue Service, so pay attention. His comments are—the IRS audit rules are very unfair. The IRS can request a 12-month extension of a tax audit. The tax payer can only request 30 days. The IRS can takes weeks to respond to the tax payer. The tax payer has to respond in as little as 5 days and a maximum of 20 days. These are just a few examples of some of the very unfair and lopsided IRS policies.

The IRS also has unlimited opportunities to request a one-year

extension. The IRS, in my case, requested five years of extensions and it is my understanding that if the taxpayer does not grant the extension the taxpayer has to pay the fines, fees, taxes and penalties immediately before going to trial.

The IRS uses different definitions for family member employees than for non-family member employees. The IRS should have to use the same definition of employee that the Department of Labor uses. The business owner does not learn of these discrepancies in definitions until they are audited. Tax publications and forms are void of the need for differentiation.

The IRS does everything within their power to keep small businesses from providing health insurance to their families and employees. While the IRS is forcing small businesses less than 5 employees from receiving taxpayer incentives for health insurance, the IRS is denying family members of other valuable protections such as Social Security retirement, Social Security disability, HIPPA, H-I-P-P-A and other valuable employee protection.

Whereas the members of the corporate board of directors can defer 100% of their director fees, the IRS frowns on a small business person deferring 100% of his spouse employee's wages into an IRA. It is as if the IRS wants hard working, tax paying American small business citizens in their old age to become dependent upon welfare.

The IRS tries to enforce esoteric rules—rules that only come to life in tax court or audit, rules that cannot be found in any IRS publication, form or on their web page. Congress should mandate that all definitions that the IRS wants to enforce shall be disclosed in publications or forms.

A good example is family member employee. The only difference detailed in an IRS publication is the fact that Social Security and Medicare taxes must be paid on the family member and non-family member employees. There is no reference in an IRS publication that timecards must be kept on family member employees. The timecards are optional for non-family member employees.

If you do not think that these comments are true, I will be happy to supply you with the tax court's decisions where the IRS used this Jello logic to ambush the backbone of the American economy. The IRS has bully pulpit because they can force the taxpayer to spend more in legal fees than the unjust tax the IRS wants to extract.

The president has not told the IRS that he is in favor of all Americans being protected by health insurance. If the president had told the IRS, they are ignoring him. Randy. That's the end of testimony.

MS. JOHNSTON: Would you like to come up now?

MS. NAFTS: Sure.

MS. JOHNSTON: I'll let you just introduce yourself then.

MS. NAFTS: My name is Margie Nafts. I'm the Director of Pharmacy for St. Vincent Healthcare here in Billings. And we actually had two issues that are related to drugs but entirely different issues.

The first issue involves the tamper-proof prescription pads. On May 25th of this year, the U.S. Troop Readiness, Veteran's Care, Katrina Recovery and Iraq Accountability Appropriations Act of 2007 was passed by the United States Congress.

In section 70002B of that legislation is a paragraph that requires the use of tamper-resistant prescription pads for outpatient prescriptions paid for by Medicaid. Information about this requirement first appeared in pharmacy literature in July—mid July of this year. Before that we were completely unaware of it.

CMS issued guidelines to the state for implementation of this regulation last Friday night. The State Medicaid people were meeting all day yesterday to try to issue guidelines for the state. And implementation is required by October 1st of 2007. That's five weeks away.

This legislation has an impact on our emergency room and walk-in clinic providers, on all of our physician owned clinics and on our providers who discharge patients from the hospital. Our providers don't differentiate between Medicaid and non-Medicaid patients and they probably shouldn't.

So their thought is we just want one prescription blank for everyone if we have to implement this. And although this'll probably increase our costs, to begin with, it's probably more efficient for the providers in the long run and will probably help the pharmacies from having to call providers to make sure that they actually wrote this prescription.

The CMS guidelines that were issued required one of three characteristics on the prescription pads by October 1st of 2007. By October 1st of 2008 they require all three characteristics, but they're referred to as industry recognized features, which are not defined. I would prefer that we just do this once rather than have something that applies now and then do it again for 2008.

What we would see as an alternative would be a delay in the implementation time to educate providers, to educate pharmacies, to have—give the State Board of Pharmacy and opportunity to provide a prescription blank that would work for the state of Montana rather than I have my own and all of the different physician offices have their own and they are all going to be different. It's going to be not easy for pharmacists. So that's the first—that's our first issue.

The second issue is in the Deficit Reduction Act of 2005 where the final rule from CMS was published in July 17th of 2007. And it's our understanding that that rule and our understanding and the Montana Hospital Association that this will require hospitals and physician practices to report NDC or National Drug Code numbers on billing for outpatient services to Medicaid. And that would begin January 1st of 2008.

But the issue with this is that the current software that does the billing will not allow NDC numbers to be passed to Medicaid. And I don't believe that Medicaid software can accept it at this point. We've done this for years with outpatient prescriptions but not for drugs furnished to outpatients through like physician offices and [unintelligible] observation patients. So the software isn't in place. We have contacted our vendors. They haven't even started developing it.

So first of all, it's going to cost a lot of money to put that into place. And second, the timeframe—software developers don't do anything in six months. And the public comment with this rule was not sufficient to delay implementation and that would be—that would be the ideal is to institute a delay of the implementation until software vendors can provide the product to implement the regulation. Thank you.

MR. OWENS: Thank you for your testimony. I will certainly direct these issues to the center of Medicare/Medicaid Services Department [inaudible] as well as [inaudible]. Did you say Medicaid? Does it also talk about Medicare or only Medicaid?

MS. NAFTS: Only Medicaid.

MR. OWENS: Okay. Any board members have any questions?

MALE VOICE: [Inaudible].

MS. NAFTS: Probably on the second issue, we won't get paid. Or if we can't submit the charges we won't get paid. That's a good way to save money.

MR. OWENS: [Inaudible].

MS. NAFTS: If the pharmacy accepts a prescription that's not on the tamper-proof—tamper resistant pad and you turn that into Medicaid, any audit would then say that that was not a valid prescription and so if you were paid for it, that—that money would be reversed. So the pharmacists are in the enforcement role there.

MS. JOHNSTON: Hello, did somebody call in on the line? Is that Randy?

FEMALE VOICE: We have two people from EPA on the line.

MS. JOHNSTON: Right, did—pardon me.

MALE VOICE: [Inaudible].

MS. JOHNSTON: Okay. Okay. So is there anybody else that...

MALE VOICE: [Inaudible].

MS. JOHNSTON: Okay. You guys are just here in case there are any—if there's any questions or testimony, is that correct EPA?

FEMALE VOICE: That's correct.

MS. JOHNSTON: Okay, thank you. Are there anybody else who would like to comment today?

MALE VOICE: Yes, I would like to make positive comment. I am—my name's [unintelligible]. I'm very pleased about the opportunity I have to be here and yeah, I received some email from the SBA because years ago I contacted them for a loan. And that's the only way I knew about this and I don't even know any, of course, I deal with small business people and if anything of course, I can advise them that they—where they can go. Yeah, and I just want to thank you for this opportunity here.

MS. JOHNSTON: Thank you.

MR. OWENS: Thank you. Any other comments? [Unintelligible].

MS. ADAMS: I'm Yvonne Adams for Latigo Construction in Park City, Montana and we are a small—a very small service disabled veterans company. We do almost exclusively federal government work. We do some municipal, some state.

Our problems are with both the USDA, Department of Agriculture Forest Service and the Bureau of Land Management. With the Forest Service I have three things. One, they'll put out an RFP, which is request for proposal, with a bid date and time on it and not make contractors adhere to it. If they don't get the number of bids they want, or whatever, they will wait for the mail the next day or the day after that. Well, why did they put a bid date and time on it if they're not going to make everybody comply?

The second thing is the RFP versus the IFB. Normally on an RFP, the request for proposal, they are between \$25,000 and \$100,000 and I can see why they would make the contractor who does not have to bid or bond a project prove that they're capable of doing the work. Anything over \$100,000 requires bid bond, payment and security bonds as a rule.

Well, sorry, I'm going to—this last one it was—our bid was like \$310,000. They wouldn't give us an answer because it was an RFP instead of an invitation for bid. It was not publicly opened. So they could make a decision based on our technical proposal, which I

incidentally spent almost two weeks working on to put in and then they wouldn't give us the bid results. So we have no idea—I couldn't inform the bonding company who needs to know where we were at on it, just that we—and a month later they informed me that we didn't get it.

Well, where—a small outfit like us, we have a business decision to make. Because if we had gotten that project we would have purchased a water truck to help do the job. Well they we are stuck. We had no idea what to do. So—and them not calling me back was another problem on that one.

Then the late payments. Every time we have been given a job with them, we have been assured that partial payments will be made within 14 days. I now have five invoices out there for \$112,000 that are anywhere from 45 to 75 days late. They pay us 5.75% interest on that, but if I have to dip into my line of credit to keep us operating in the meantime, I have to pay prime plus 2%. So it's just totally unfair.

The Bureau of Land Management is the fourth one. They will put out contract as service disabled veteran set asides, but they say that any small business can put in a bid if they don't get enough response from service disabled veterans, but they never have to explain whether there any of the companies we're service disabled. That they—they take low bid no matter what. And they don't care how many service disabled entries they had, they'll go with the small business period. That's it.

MR. OWENS: Thank you for being here and thank you for your comments. And I'm certain the issue of proposals and contracts and very important SBA has been an advocate for small businesses support that the contract and the procurement process is transparent process, that people are accountable and—

MS. ADAMS: [Interposing] Well they play politics and that just shouldn't be the case.

MR. OWENS: And certainly the payment issue. I mean you have federal agencies that are not paying small businesses [inaudible] USDA Forest Service is that a specific office?

MS. ADAMS: No. They're pretty much all guilty of it. The Helena National Forest, when we did the snowplow [phonetic] and fire area, we're working Bridge and Derby [phonetic] fire area now and that's the one where they're so far behind it's not even funny.

MR. OWENS: Specific offices here in Montana—

MS. ADAMS: [Interposing] Right.

MR. OWENS: —you're contacting and addressing these concerns, not following up [unintelligible].

MS. ADAMS: The₁₃ [unintelligible] National Forest is

the one that's—but they say that they put this stuff into the system and there's like four or five steps it has to go through and they're claiming that it's after they pass the paperwork on that the stalls are happening. But it doesn't make any difference to us. In the meantime I'm having to borrow money from the bank.

MR. OWENS: [Inaudible].

MS. JOHNSTON: Are you talking to the regional office in Missoula?

MS. ADAMS: No, not on this. Oh, well actually, in some instances we are, but I haven't talked to them about the money. The regional office in Missoula is—they've been down here all the time. They designed a bridge that they can't put in. We had to put in a different bridge and there was just a lot of things on this fire area up here that Missoula has been involved in. But the money, I did not complain to them about it. I didn't know I could.

MR. OWENS: Just a quick question. Do you have a point of contact that you process your invoices to? Or does it always change—

MS. ADAMS: [interposing] Well, sometimes it varies. Like when we did the snowplow and fire area job we had three different COs on that, Bill Pfeiffer [phonetic] and the gal that started out as the CO. Then Spence Kristofferson [phonetic] became the CO and Dan McGee [phonetic] was the CO when that finished up. And Dan McGee is also the gentleman that I had the problem with the bid dates and times. He flat told me he was going to wait a couple more days for the mail to come in before they made a decision on the bid. Well, when they had a specific bid date and a specific bid time down it should have been adhered to.

MR. OWENS: Okay. Again, these are local people—

MS. ADAMS: [interposing] Right. Right here in Montana.

MS. JOHNSTON: They're in the state. Because I know Bill.

MS. ADAMS: He's wonderful. And he does what he can but, you know they're the ones that are claiming that once this leaves their office that they're hands are tied.

MR. OWENS: They [inaudible].

MS. ADAMS: Right.

MR. OWENS: Thank you for being here. I will certainly want to visit with you.

MS. ADAMS: Okay.

MR. OWENS: Thank you. Are there any other comments? Anyone? I did want to share with you the issue of veteran owned businesses is very important to our administrator [unintelligible] soon

after he arrived just over a year ago, it was about the same time I arrived, it was—it's put on my plate by a number of veterans and I can tell you that the administrator's made it a top priority.

In fact the SBA issued just about two months ago a new loan program for veterans, Patriot Express, which are loans for the men and women returning from the military or reservists and their spouses. So if you—certainly visit with our SBA local office or online to SBA page. Such loans are guaranteed. Banks appreciate it because it's up to 85% and half a million dollar loans.

So certainly the many folks that are returning from serving our country have the entrepreneurial drive and want to hit the ground running when they return here. So SBA certainly wants to see that advocate help them and that partner.

If you would take a look at company such as Apple, Callaway Golf [phonetic], Outback Steak House, Federal Express, they all started through SBA assistance and many businesses here in the state as well be it through investments with SBA or through loans so—or contracts.

So with that, thank you all for taking the time to be here. If you'd like to visit after this meeting too, I'll be here for a bit longer to welcome that. Thank you again. Any comments from the board? Okay, great. Thank you very much.

[Crosstalk]

[END TAPE 1 SIDE A]